Lance J.M. Steinhart, P.C.

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August 16, 2002

AUG 2 2 2002

TH REGULATORY AUTHORITY TELECOMMUNICATIONS DIVISION

VIA OVERNIGHT MAIL

Mr. David Waddell Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 32743-0505

Re:

Budget Phone, Inc.

Dear Mr. Waddell:

02-00885

Enclosed please find for filing an original and thirteen (13) copies of Budget Phone, Inc.' Application for a Certificate of Public Convenience and Necessity to Provide Competing Facilities-Based Local Exchange Services in Tennessee. I have also enclosed a check in the amount of \$25.00 payable to the "Tennessee Regulatory Authority" for the filing fee.

The company was authorized to provide resold local exchange service in the State of Tennessee in Case No. 99-00212, effective September 14, 1999.

APPLICANT HAS ALSO ENCLOSED ONE COPY OF ITS FINANCIAL INFORMATION IN A SEPARATE ENVELOPE AND HEREBY RESPECTFULLY REQUESTS CONFIDENTIAL TREATMENT OF THE ENCLOSED FINANCIAL INFORMATION THAT CONTAINS CONFIDENTIAL AND PROPRIETARY INFORMATION. APPLICANT EXPECTS THAT THIS INFORMATION WILL BE RESTRICTED TO COUNSEL, **AGENTS** AND **EMPLOYEES** WHO ARE SPECIFICALLY ASSIGNED TO THIS APPLICATION BY THE COMMISSION.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope. If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,

Lance J.M. Steinhart

Attorney for Budget Phone, Inc.

Enclosures

Leigh Woodruff (w/enc)

STATE OF TENNESSEE BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION

In re:)
Application of)
Budget Phone, Inc.	
For a Certificate of Public) DOCKET NO.
Convenience and Necessity to) DOCKET NO.
Provide Competing	
Facilities-Based Local Exchange	,
Telecommunications Services)

APPLICATION OF BUDGET PHONE, INC. FOR AUTHORITY TO PROVIDE COMPETING FACILITIES-BASED LOCAL EXCHANGE SERVICES

Budget Phone, Inc. ("Budget Phone" or "Applicant"), pursuant to T.C.A. § § 65-2-103, 65-2-102 and 65-4-201; Section 253 of the Federal Telecommunications Act of 1996; and Section 1220-4-8-.04 of the Rules of the Tennessee Public Service Commission Division of Public Utilities, respectfully submits this Application for Authority to Provide Competing Facilities-Based Local Exchange Telecommunications Services ("Application") in the State of Tennessee.

Budget Phone intends to offer local exchange and interexchange service to both business and residential customers throughout the state. Applicant intends to provide local exchange service to customers located in non-rural local exchange carriers' service areas of Tennessee. Budget Phone currently provides resold local exchange service on a prepaid basis in the State of Tennessee to customers in BellSouth Communications and Untied Telephone Company service areas pursuant to resale agreements executed and filed between Budget Phone, and BellSouth and United Telephone respectively. Budget Phone was granted authority to resell local exchange services in Case No. 99-00212, by Order effective September 14, 1999.

Approval of this Application will promote the public interest by increasing the level of competition in the Tennessee telecommunications market. Ultimately, competition will compel all telecommunications service providers to operate more efficiently and pass the resultant cost savings on to consumers. In addition, as a result of competition, the overall quality of local exchange and interexchange service will improve. Applicant is willing and able to adhere to all applicable TRA policies, rules and orders.

In support of its Application, Budget Phone states as follows:

I. Introduction

The name and address of the Applicant are:
 Budget Phone, Inc.
 6901 W. 70th Street
 Shreveport, Louisiana 71129

The following is a list of applicant's corporate officers and directors:

Officer

R. Daniel Hyde, Jr. Pro

President

Tony Cason

Manager of Operations

R. Daniel Hyde, III

Secretary

Stephen Hyde

Regional Sales Manager

Directors

R. Daniel Hyde, Jr. Tony Cason R. Daniel Hyde, III Stephen Hyde

The above-named individuals can be reached at: Budget Phone, Inc. 6901 W. 70th Street, Shreveport, Louisiana 71129 Telephone: (318) 671-5000

Applicant is currently authorized to provide: 1) Resold and facilities-based (UNE-P) local exchange service in Louisiana, Michigan, Virginia, West Virginia, Oregon, Washington, Delaware, Colorado, Wyoming, Maryland, Pennsylvania, New Mexico, Connecticut, Arizona, California, Nevada, New York, Massachusetts and Ohio; 2) Resold local exchange service in Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Tennessee and Kentucky; and 3) interexchange service in Colorado, Indiana, Massachusetts, Ohio, New Jersey, New York, North Carolina, Texas and Wyoming. The company's wholly-owned subsidiary, Snappy Phone of Texas, Inc., is currently authorized to provide resold local exchange service in Wisconsin, Illinois, Indiana, Kansas, Missouri, Oklahoma, Arkansas and Texas. The company's wholly-owned subsidiary, Budget Phone of Virginia, Inc., is currently authorized to provide resold and facilities-based (UNE-P) local exchange service in Virginia.

Applicant is in the process of applying for authorization to provide competitive local exchange and interexchange services in the 48 contiguous states. Applicant has not been denied authority for any of the services for which it seeks authority in this Application. Applicant is currently providing local exchange service in Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Tennessee, Kentucky, Kansas, Missouri, Oklahoma, Arkansas, Texas, Wisconsin, Illinois, Indiana, Oregon, New Mexico and Arizona.

The name, address and telephone number of a Tennessee contact person responsible for and knowledgeable about Applicant's operations are:

Art Magee, Comptroller Budget Phone, Inc. 6901 W. 70th Street Shreveport, Louisiana 71129 (318) 671-5000

The name, address and telephone number of a person responsible for repair and maintenance (customer service) are:

Vicki Hamilton, CSR Manager Budget Phone, Inc. 6901 W. 70th Street Shreveport, Louisiana 71129 (318) 671-5000 (888) 424-5588 (toll-free customer service) 2. All correspondence, notices, inquiries and other communications regarding this Application should be directed to:

Lance J.M. Steinhart Attorney at Law 1720 Windward Concourse Suite 250 Alpharetta, Georgia 30005 Telephone: 770/232-9200 Facsimile: 770/232-9208

- 3. In support of this Application, the following exhibits are attached hereto:
 - a. Exhibit A Budget Phone's Articles of Incorporation filed with the Secretary of State for the State of Louisiana and Bylaws;
 - b. Exhibit B Budget Phone's Certificate of Authority to Operate in Tennessee as a Foreign Corporation;
 - c. Exhibit C Budget Phone's Balance Sheets as of December 31, 1998, December 31, 1999, December 31, 2000 and December 31, 2001; Statement of Income, Retained Earnings, and Cash Flows for the years ending December 31, 1998, December 31, 1999, December 31, 2000 and December 31, 2001, and Tennessee projections, which are being filed in a separate sealed envelope as "Confidential"
 - d. Exhibit D Biographies of selected Budget Phone management.
 - e. Exhibit E Corporate Organization Chart
 - f. Exhibit F IntraLATA Presubscription Implementation Plan
 - g. Exhibit G Small and Minority-Owned Telecommunications Business Participation Plan
 - h. Exhibit H Pre-Filed Testimony
 - i. Exhibit I Numbering Issues & Tennessee Specific Operational Issues
 - j. Exhibit J Bond, Not included, on file with Commission
 - k. Exhibit K Tariff, Not included, on file with Commission

II. Description of the Applicant

1. General Information

Applicant is a Louisiana Corporation, which was formed on May 1, 1996. The company is headquartered at 6901 W. 70th Street, Shreveport, Louisiana 71129.

2. Customer Service

Registrant's customer service department may be contacted via a toll-free number, (888) 424-5588, or a local number. The Company will maintain a Customer Service Department exclusively for Customer's questions, requests for service, complaints and trouble handling. The Company's Customer Service address and toll free number(s) will be printed on the Customer's bill. The Customer Service Department will be located at 6901 W. 70th Street, Shreveport, Louisiana 71129. The Company also intends to have a locally staffed office at one or more hub site locations in each state and will provide its customers with a local Customer Service number which will be available 24 hours per day, 7 days per week.

Office Hours- Excluding holidays, Customer Service Representatives will be available 8:00 AM to 5:00 PM standard time Monday through Friday. After hours, Sundays and on holidays, Customers will be automatically forwarded to an answering service for messaging and paging.

Complaint Procedures- The Customer shall pose any inquiries or disputes directly to the Company for resolution. Written communications should be directed to the Company's Customer Service department. All undisputed portions of any outstanding balance due are to be paid while resolution of the inquiry or dispute is pending. The Company will investigate a Customer inquiry or dispute and report the findings to the Customer. If the Company finds its actions to be consistent with its Tariff, the Company will inform the Customer of its no fault finding and require full payment of any outstanding balance due. If the Customer is not satisfied with the Company's resolution of an inquiry or dispute, the Customer may refer the matter to the Commission for determination.

III. Budget Phone Possesses the Technical, Managerial and Financial Expertise Necessary to Provide Local Exchange Service

Budget Phone possesses the requisite technical, financial and managerial capabilities to operate as a competitive telecommunications provider. These capabilities are explained in detail below.

1. Financial Qualifications

Budget Phone is financially able to provide the services proposed in its tariff as evidenced by its Balance Sheets as of December 31, 1998, December 31, 1999, December 31, 2000 and December 31, 2001; Statement of Income, Retained Earnings, and Cash Flows for the years ending December 31, 1998, December 31, 1999, December 31, 2000 and December 31, 2001.

2. Managerial Qualifications

Budget Phone's senior management team is highly skilled, and has had extensive experience in the telecommunications industry. Using this expertise, Budget Phone's management team has developed innovative marketing and customer care programs, and provides its customers with high quality advanced services at competitive rates. Budget Phone has extensive experience in the technical, managerial, and financial aspects of the telecommunications industry.

3. Technical Qualifications

Applicant's key management personnel have significant business and telecommunications experience. Applicant is currently authorized to provide: 1) Resold and facilities-based (UNE-P) local exchange service in Louisiana, Michigan, Virginia, West Virginia, Oregon, Washington, Delaware, Colorado, Wyoming, Maryland, Pennsylvania, New Mexico, Connecticut, Arizona, California, Nevada, New York, Massachusetts and Ohio; 2) Resold local exchange service in Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Tennessee and Kentucky; and 3) interexchange service in Colorado, Indiana, Massachusetts, Ohio, New Jersey, New York, North Carolina, Texas and Wyoming. The company's wholly-owned subsidiary, Snappy Phone of Texas, Inc., is currently authorized to provide resold local exchange service in Wisconsin, Illinois, Indiana, Kansas, Missouri, Oklahoma, Arkansas and Texas. The company's wholly-owned subsidiary, Budget Phone of Virginia, Inc., is currently authorized to provide resold and facilities-based (UNE-P) local exchange service in Virginia.

Applicant is in the process of applying for authorization to provide competitive local exchange and interexchange services in the 48 contiguous states. Applicant has not been denied authority for any of the services for which it seeks authority in this Application. Applicant is currently providing local exchange service in Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Tennessee, Kentucky, Kansas, Missouri, Oklahoma, Arkansas, Texas, Wisconsin, Illinois, Indiana, Oregon, New Mexico and Arizona. No complaints have been filed against Applicant or any of its affiliates by any state or federal agency.

Budget Phone currently is providing resold local exchange service on a prepaid basis in the Sate of Tennessee utilizing the facilities of BellSouth Communications and United Telephone Company. Budget Phone intends to use unbundled network elements and services purchased from BellSouth and other incumbent local exchange providers, where applicable, upon approval of this application. Budget Phone has no current plans to install facilities in the State of Tennessee.

Budget Phone is requesting statewide authority. Initial services are planned in BellSouth and Untied Telephone service areas.

As the foregoing illustrates, Budget Phone possesses considerable telecommunications expertise. Budget Phone has been providing local exchange telephone services for several years. Applicant will also rely upon the technical expertise and telecommunications experience of BellSouth and Untied Telephone. Thus, Budget Phone is technically qualified to provide local exchange and interexchange telecommunications services in Tennessee. Applicant also is willing to adhere to all applicable Commission policies, rules and orders.

IV. Approval of Budget Phone's Application is in the Public Interest

Granting Budget Phone's Application is consistent with the public interest, and, in that regard Applicant makes the following representations to the Commission:

- a. Applicant possesses the technical, financial, and managerial resources sufficient to provide the services requested;
- b. Applicant's services will meet the service standards required by the Commission;
- c. The provision services by Applicant will not adversely impact the availability of affordable local exchange service;
- d. Applicant, to the extent it is required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates; and,
- e. The provision of local exchange services by Applicant will not adversely impact the public interest.

The demands of a competitive market are a better means to achieve affordability and quality of service than a monopoly environment. As competitors vie for market share, they will compete based upon price, innovation and customer service.

Those providers that offer consumers the most cost effective products will gain market share. In contrast, providers whose products do not meet the needs of consumers will lose market share and may ultimately, be eliminated from the industry.

Additionally, Budget Phone's entry into the UNE-P local exchange market will not unreasonably prejudice or disadvantage any telephone service providers. Incumbent local exchange carriers presently serve a large majority of the local exchange customers in Tennessee. The major advantages of incumbency (i.e., ownership of the existing local network as well as access to, and long-standing relationships with, every local customer) constitute a substantial obstacle to new entrants. Moreover, exchange services competition will stimulate the demand for the services supplied by all local service carriers, including those of the incumbent LECs. Thus, in a competitive market, there will be increased potential for such LECs to generate higher revenues. Additionally, in a competitive market, incumbent providers will have market incentives to improve the efficiency of their operations, thereby reducing their costs and ultimately their profit margins.

Currently, Tennessee consumers have a limited choice with regard to the provision of local exchange telecommunications service. A competitive local exchange service market comprised of incumbents and competitive providers such as Budget Phone will offer consumers a competitive option and, therefore, will better satisfy the needs of various market segments. In this regard, approval of this Application is clearly in the public interest.

V. <u>Description of Services Offered and Service Territory</u>

Budget Phone expects to offer a full array of local exchange services to both business and residential customers, including the following:

Local Exchange:

- A. Local Exchange Services for business and residence customers that will enable customers to originate and terminate local calls in the local calling area served by other LECs.
- B. Switched local exchange services, including basic service, trunks, carrier access, and any other switched local services that currently exist or will exist in the future.
- C. Non-switched local services (e.g., private line) that currently exist or will exist in the future.
- D. Centrex and/or Centrex-like services that currently exist or will exist in the future.
- E. Digital subscriber line, ISDN, and other high capacity services.

In addition to the services listed above, Budget Phone, through interconnection with other carriers, will offer dual-party relay services, 9-1-1 Emergency Services, directory assistance and operator assisted calls, lifeline, and toll-free calling.

Budget Phone currently has a tariff on file with the Commission, which contains a description of services to be provided, all rules and regulations applicable to such services, and proposed rates for such services. The tariff may be amended upon approval of this application. The Applicant's IntraLATA Presubscription Implementation Plan is attached hereto as Exhibit F.

VI. Waivers and Regulatory Compliance

Budget Phone requests that the Commission grant it a waiver of those regulatory requirements inapplicable to competitive local service resellers such as Budget Phone. Such rules are not appropriate or necessary for competitive providers and constitute an economic barrier to entry into the local exchange market.

1. Financial Record-Keeping System

- a. Budget Phone requests that it be exempt from any record-keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation, and as a competitive carrier, Budget Phone does not maintain its financial records in this manner.
- b. As a competitive carrier, Budget Phone maintains its book of accounts in accordance with Generally Accepted Accounting Principles ("GAAP"). Neither the FCC, nor the Commission, has required Budget Phone to maintain its records under the USOA for purposes of Budget Phone's interexchange operations. Thus, Budget Phone does not possess the detailed cost data required by USOA, nor does it maintain detailed records on a state-specific basis. As a competitive provider, Budget Phone's network operations are integrated to achieve maximum efficiency. Having to maintain records pertaining specifically to its Tennessee local service operations would place an extreme burden on Budget Phone.
- c. Moreover, Budget Phone asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate Budget Phone's operations. Therefore, Budget Phone hereby respectfully requests to be exempted from the any USOA requirements of the Commission.

d. The Applicant does agree that it will provide wire line activity reports as required by Commission rules and regulations.

2. Local Exchange Directories

Budget Phone requests that it not be required to publish local exchange directories. Budget Phone will make arrangements with the incumbent LECs whereby the names of Budget Phone's customers will be included in the directories published by the incumbent LECs. LEC directories will also be modified to include Budget Phone's customer service number. These directories will be distributed to Budget Phone's customers. This approach is entirely reasonable and will have a direct benefit to the customers of both Budget Phone and the incumbent LEC since they need only refer to one directory for a universal listing of customer information. It would be an unnecessary burden on Budget Phone to require that it publish and distribute its own directory to all customers located within each exchange area, particularly since nearly all of these customers will be customers of the incumbent LECs. It is more efficient for Budget Phone to simply include its limited customer list in the existing directories of the incumbent LECs.

VII. Regulatory Obligations

Applicant shall provide, either directly or indirectly or through arrangements with other carriers or companies, to the extent required by law or regulation:

- 1. Provide access to 911 and E 911 emergency service;
- 2. Provide white page directory listings and directory assistance;
- 3. Provide consumer access to and support for the Tennessee Relay Center in the same manner as incumbent local exchange telephone companies;
- 4. Provide free blocking service for 900, 976 type services in accordance with Commission policy;
- 5. Provide Lifeline and Link-up services to qualifying citizens of this state;
- 6. Provide educational discounts in existence as of June 6, 1995

Applicant shall also:

- 1. Provide support for universal service in a manner determined by the Commission. This requirement shall not be construed as prohibiting the granting of a certificate before the universal service issues are determined by the Commission;
- 2. Provide interconnection with other certificated carriers or Commission authorized carriers on a nondiscriminatory basis under reasonable terms and conditions;
- 3. Comply with Commission basic service standards as defined in any applicable rules and decisions of the Commission;
- 4. Provide equal access to authorized inter-and intraLATA long distance providers, unless otherwise exempted by the Commission.

VIII. Conclusion

This Application demonstrates that Budget Phone, Inc., possesses the technical, financial and managerial resources to provide resold and facilities-based local exchange service in the State of Tennessee. Furthermore, granting this Application will promote the public interest by increasing the level of competition in the Tennessee telecommunications market. Ultimately, competition will compel all exchange telecommunications service providers to operate more efficiently and with resulting reduced prices for consumers. In addition, as a result of competition, the overall quality of local exchange service will improve. As stated above, Applicant does not intend to provide local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, until Applicant provides such LECs notice of intent at least 30 days prior to the date of the intended service, or as otherwise required by law.

Wherefore, Budget Phone, Inc., respectfully petitions this Commission for a Certificate of Public Convenience and Necessity to Provide Competing local exchange and interexchange telecommunications services in the State of Tennessee in accordance with this Application and for such other relief as it deems necessary and appropriate.

Respectfully submitted,

Budget Phone, Inc.

Lance J.M. Steinhar

1720 Windward Concourse, Suite 250

Alpharetta, Georgia 30005

770/232-9200

Attorney for Applicant

- 10 , 20

Duluth, Georgia

VERIFICATION OF APPLICANT

I, R. Daniel Hyde, Jr., President of Budget Phone, Inc., a Louisiana Corporation, the applicant for a Certificate of Public Convenience and Necessity from the Public Service Commission of the State of Tennessee, verify that/based on information and belief, I have knowledge of the statements in the foregoing Pre–Filed Testimony, and I declare that they are true and correct.

R. Daniel Hyde, Jr.

President

Budget Phone, Inc.

Sworn to me, the undersigned

Notary Public on this

1st day of July, 2002.

State of Louisiana

County of <u>Caddo Parish</u>

Notary Public

LINDA R. DAVIDSON, NOTARY PUBLIC CADDO PARISH, LOUISIANA MY COMMISSION IS FOR LIFE

EXHIBIT "A" ARTICLES OF INCORPORATION & BYLAWS

ARTICLES OF INCORPORATION

OF.

BUDGET PHONE, INC.

STATE OF LOUISIANA PARISH OF CADDO

BE IT KNOWN, on this 30th day of April, 1996, before me, the undersigned Notary Public, personally came and appeared JOHN M. FRAZIER, person of the full age of majority and a resident of Caddo Parish, Louisiana, who declared to me, in the presence of the undersigned competent witnesses, that, availing himself of the provisions of the Louisiana Business Corporations Law (Title 12, Chapter 1, Louisiana Revised Statutes of 1950, as revised and codified by Act 105 of 1968, Legislature of Louisiana, as amended from time to time), do hereby organize BUDGET PHONE, INC., successors and assigns, into a corporation in pursuance of that law, under and in accordance with the following articles of incorporation.

ARTICLE I. NAME

The name of this corporation is BUDGET PHONE, INC.

ARTICLE II. OBJECTS AND PURPOSES

The objects and purposes for which this corporation is organized and the nature of the business to be carried on by it are stated and declared to be as follows:

To enter into any business lawful under the laws of the State of Louisiana, either for its own account, or for the account of others, as agent, and either as agent or principal, to enter into or engage in any kind of business of any nature whatsoever, in which corporations organized under the Louisiana Business Corporations Law may engage; and to the extent not prohibited, to enter into and engage in any kind of business of any nature whatsoever in any other state of the United States of America, any foreign nation, and any territory of any country to the extent permitted by the laws of such other state, nation or territory.

ARTICLE III. DURATION

The duration of this corporation shall be in perpetuity, or such maximum period as may be authorized by the laws of Louisiana.

ARTICLE IV. AUTHORIZED CAPITAL

- A. The total authorized capital stock of this corporation is 10,000 shares of no par value common stock.
 - B. Shareholders shall have pre-emptive rights.

ARTICLE V. DIRECTORS

- A. Unless and until otherwise provided in the by-laws, all of the corporate powers of this corporation shall be vested in, and all of the business and affairs of this corporation shall be managed by a board of not less than one nor more than three directors. The number of directors may be increased or decreased within the limits above provided by a majority vote of the directors.
- B. The Board of Directors shall have the authority to make and alter by-laws, including the right to make and alter by-laws fixing their qualifications, classifications, or terms of office, or fixing or increasing their compensation, subject to the power of the shareholders to change or repeal the by-laws so made.
- C. The Board shall further have the authority to exercise all such other powers and to do all such other lawful acts and things which this corporation or its shareholders might do, unless prohibited from so doing by applicable law, or by the articles of incorporation, or by the by-laws of the corporation.
- D. The general annual meeting of the stockholders for the election of Board shall be held within five months from the close of the Corporation's fiscal year unless and until otherwise provided in the By-Laws.
- E. The number, classification, qualifications, term of office, manner of election, time and place of meeting, whether within or outside the State of Louisiana, and the powers and duties

of the directors, may from time to time be fixed, changed, increased or reduced by the by-laws.

- F. Until otherwise provided in the by-laws, any director absent from a meeting may be represented by any other director, who may cast the vote of the absent director according to the written instructions, general or special, of the absent director according to the written instructions, general or special, of the absent director, filed with the Secretary.
- G. Upon the written request of stockholders holding a majority of the voting stock of this corporation issued and outstanding, any member of the Board of Directors of this corporation, whether or not his term of office shall have expired, may be replaced by a director designated by such stockholder in writing, at any time.

ARTICLE VI. INCORPORATOR

The name and post office address of the incorporator is as follows:

John M. Frazier Peatross, Greer and Frazier P. O. Box 404 Shreveport, LA 71162-0404

ARTICLE VII. PURCHASE AND REDEMPTION OF SHARES

The corporation may purchase or redeem its own shares in the manner and on the conditions permitted and provided in Section 55 of the Business Corporations Law or other applicable law, and as

may be authorized by the Board of Directors. Shares so purchased shall be considered treasury shares, and may be cancelled and the capital stock reduced, as the Board of Directors may, from time to time, determine in accordance with law.

ARTICLE VIII. CONVERTIBLE SECURITIES AND STOCK PURCHASE RIGHTS

The corporation may issue convertible securities and rights to convert shares or obligations of the corporation into shares of any authorized class of stock, and the right or option to purchase shares of any authorized class of stock in the manner and on the conditions permitted and provided in Section 56 of the Business Corporations Law or other applicable law, and as may be authorized by the Board of Directors.

ARTICLE IX. CAPITAL SURPLUS AND DIVIDENDS

The Board of Directors shall have such power and authority with respect to capital, surplus and dividends, including allocation, increases, reduction, utilization, distribution and payment, as it permitted and provided in Sections 61, 62 and 63 of the Business Corporations Law or other applicable law.

ARTICLE X. AMENDMENTS TO ARTICLES OF INCORPORATION

Changes in the rights of holders of shares of any class shall be made by a majority vote or written consent, of the shareholders.



SECRETARY OF STATE

Is Secretary of State of the State of Louisiana. I do hereby Certify that

the Articles of Incorporation of

BUDGET PHONE, INC.

Domiciled at SHREVEPORT, LOUISIANA,

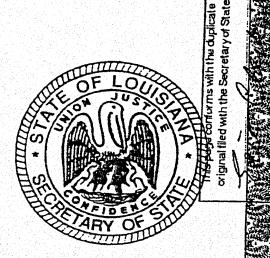
Were filed in this Office and a Certificate of Incorporation was issued on May 01, 1996,

I further certify that no Certificate of Dissolution has been issued.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

oftober 19, 1898 Then

CBU Secretary of State



Fox Ackeithen

SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that

BUDGET PHONE, INC.

A LOUISIANA corporation domiciled at SHREVEPORT,

Filed charter and qualified to do business in this State on May 01, 1996,

I further certify that the records of this Office indicate the corporation has paid all fees due the Secretary of State, and so far as the Office of the Secretary of State is concerned is in good standing and is authorized to do business in this State.

I further certify that this Certificate is not intended to reflect the financial condition of this corporation since this information is not available from the records of this Office.

In lestimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

January 3, 3002 Ox. H. Jullan

CLO 34525907D State



EXHIBIT "B" FOREIGN CORPORATION QUALIFICATION

Secretary of State Corporations Section James K. Polk Building, Suite 1800 Nashville, Tennessee 37243-0306

DATE: 03/11/99
REQUEST NUMBER: 3641-1860
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 03/11/99 1126
EFFECTIVE DATE/TIME: 03/11/99 1126
CONTROL NUMBER: 0367379

TO: BUDGET PHONE INC 910 PIERREMONT RD STE 348 SHREVEPORT, LA 71106

RE: BUDGET PHONE, INC. APPLICATION FOR CERTIFICATE OF AUTHORITY -FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -

ON DATE: 03/11/99

C T CORPORATION SYSTEM (DALLAS, TX.) 350 NO. ST. PAUL ST. RECEIVED:

\$600.00

\$0.00

TOTAL PAYMENT RECEIVED:

\$600.00

RECEIPT NUMBER: 00002451026 ACCOUNT NUMBER: 00000022



DALLAS, TX 75201-0000

Pely Darnell

RILEY C. DARNELL SECRETARY OF STATE

EXHIBIT "C" FINANCIAL INFORMATION

EXHIBIT "D" BIOGRAPHY INFORMATION

Resumes of Key Personnel

R. Daniel (Smokey) Hyde, Jr., Chairman of the Board

R. Daniel Hyde, Jr. is a native of El Paso, Texas and a graduate of Texas A&M University. He became a resident of Louisiana in December of 1971 when he purchased KRMD AM/FM Radio in Shreveport. He operated these stations for 15 years and developed the No. 1 billing and No. 1 rated radio stations in the area for 15 years. When the stations were sold in 1985, it was the largest radio transaction in the history of the state at \$5.5 million dollars. Hyde divested himself of radio stations in Flagstaff, Arizona, Reno, Nevada, and Shreveport, Louisiana and entered the paging business in 1988. He started with zero subscribers and in 10 years developed a subscriber base of 40,000. The company grew to a total of nine retail outlets where prepaid paging, prepaid cellular, prepaid home phone, and prepaid long distance were marketed. The system grew from three towers and transmitters to 26 towers and transmitters, serving all of Louisiana north of Opelousas with statewide coverage. The paging company was sold on May 1, 1998 and Mr. Hyde now devotes full time effort to Budget Phone, Inc. and Snappy Phone of Texas, Inc.

Jerry W. Black, President

Jerry W. Black is a native of El Paso, Texas and attended Tarleton State University in Stephenville, Texas. He became a resident of Louisiana in December 1971 when he and Mr. Hyde purchased KRMD Radio in Shreveport. As a partner in this company, his primary job was General Sales Manager. This included the supervision of five sales representatives, the tracking of all commercials, and the production of those commercials in addition to overseeing the day-to-day operations of the station. After the station was sold in 1985, Mr. Black was offered and accepted a position with the CBS television affiliate in Shreveport to manage their sales department. He remained there for five years. In 1991, he moved to an independent cable-advertising firm, J.B. CableAds where he became familiar with a subscriber-based industry. He served as president and responsibilities included the supervision of all sales and production of the commercials. J.B. CableAds operated in North Carolina, South Carolina, Indiana, Kansas, Arkansas, and Louisiana. From 1997 to 2001, he owned a successful prepaid cellular phone, paging, and home phone-based business in Marshall, Texas. At the same time, Mr. Black was the retail manager for two successful retail stores that sold telecommunication products and services in Longview and Tyler, Texas for Budget Phone, Inc.

Tony M. Cason, Operations Manager

Tony M. Cason has extensive expertise in telecommunications, system design, and a managerial background. In 1989, Mr. Cason entered in to the cellular wireless industry where he owned and operated a successful cellular retail store. Within eight years, Mr. Cason's subscriber base had grown to over 10,000. In November 1996, Mr. Cason joined Budget Phone Inc. as Operations Manager where he designed, organized, staffed, and successfully developed a prepaid cellular switching system in East and Central Texas and in South Louisiana.

Experience of:

Gary L. Honeycutt 405 N. Jodie St. Shreveport, LA 71107

I have 34 years experience in the computer industry. I have a major in Computer Science from Louisiana State University and Vendors schools ranging from IBM 360 Computer mainframe, to Seimens Four Wire Telephone Switching center. Novel and Windows NT training are the most recent schools I have attended.

I have installed a frame relay circuit from Snappy Phone's headquarters in Shreveport, to Ameritech's main computer center in Chicago for the sole purpose of LEX access. I have also installed a frame relay circuit to Southwestern Bell's Computer center in Dallas to access Lex and Toolbar applications from SBC. Both of these circuits flow through one of our Cisco Routers into a single cloud for final routing to the Ameritech and SBC destinations. A similar circuit handles communications with Bell South.

I have been instrumental in the design and implementation of an automated system for processing telephone applications electronically using interconnected computers with Bell South, Verizon, Sprint, Southwestern Bell and Ameritech. Present capacity of the system is sufficient to handle upwards of 200,000 subscribers. The system consists of 150 workstations and 10 servers.

Ronald Munn Jr.

Responsibilities

Interact with various ILEC's in order to implement policies and procedures used by Budget Phone in the day-to-day operation of the Provisioning and Customer Service Departments while forging a "partnership" between Budget Phone and the Incumbent Carriers. Measure and report performance standards to the Public Service Commissions of each state.

Experience

1996- Present

Budget Phone, Inc.

Shreveport, LA

Manager, Carrier Relations and Procedures

- 1996 thru 1998 Managed Budget Phone's retail operation in Texas including Budget Phone's cellular interconnection switching system.
- 1998 Received CLEC Certification from BellSouth specializing in ordering implementation guidelines, maintenance and repair.
- 1998 Developed, staffed and trained Budget Phone's Order Provisioning and Customer Service Department's.
- 1999 Received Certification necessary to allowing Budget Phone to develop software designed to interface with BellSouth's OSS Telecommunications Access Gateway (TAG).
- 1999 Certified in BellSouth's Trouble Analysis Facilitation Interface (TAFI) allowing Budget Phone to become licensed to use the trouble reporting and bonding program in house.
- 1999 Developed provisioning guidelines to allow ordering in all 9 BellSouth states.
- 1999 Certified by Southwestern Bell in all areas of CLEC operation including ordering and provisioning, electronic trouble analysis and reporting, and maintenance and repair. Incorporated existing procedures to allow provisioning in all 5 SWBT States.
- 2000 Implemented performance measurement standards and reporting procedures for the commissions in the various states of operation.
- 2001 Received certification from Sprint in all areas of CLEC operation.
 Worked with Sprint to successfully incorporate existing policies with Budget Phones ordering and customer service.
- 2001 Certified by Verizon in all areas of resale operation as a Competitive Local Exchange Carrier.
- 2001 Ameritech Certification received allowing development of ordering and customer service guidelines for all of the Ameritech states.

Education

1975–1977

Northeast Louisiana University

Monroe, LA

1994-1996

Bossier Parish Comm. College

Bossier LA

Earned 75 hours in Business Administration and related studies.

Germaine Bell
Director of Training
Budget Phone, Inc
germaineb@budgetphone.com

As Director of Training my goal is to provide a trained employee to work proficiently and effectively in provisioning orders. All new hires are informed on company policies and department procedures in a classroom setting. I lecture, demonstrate and test on materials covered. The training class introduces the new hires with hands-on experience to provision orders in LEX, BellSouth, Verizon, Southwestern Bell and Sprint systems. I have attended several classes to assist me in learning to use the LEX application to process orders.

EXHIBIT "E" CORPORATE ORGANIZATION CHART

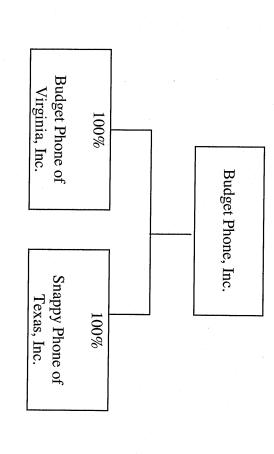


EXHIBIT "F" INTRALATA PRESUBSCRIPTION IMPLEMENTATION PLAN

BUDGET PHONE, INC. (Budget Phone) IntraLATA Presubscription Implementation Plan

I. Purpose

The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice for routing their intraLATA toll calls. Budget Phone proposes to implement intraLATA toll dialing parity from the date it receives authority to provide local exchange services in Tennessee and has entered into interconnection arrangements with the ILECs. Budget Phone proposes to provide toll dialing parity to the Chattanooga, Knoxville, Memphis and Nashville LATAs. Attached hereto are the exchange areas that Budget Phone proposes to provide intraLATA toll dialing parity.

II. Carrier Selection Procedures

Budget Phone will implement the full 2-PIC (Primary Interexchange Carrier) carrier selection methodology. With the full 2-PIC methodology, customers will be able to presubscribe to one telecommunications carrier for interLATA toll calls and presubscribe to the same or a different participating telecommunications carrier, including their existing local exchange company, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

Budget Phone employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain the process to customers for making PIC changes for intraLATA toll calls. Business Office personnel will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers. Budget Phone will implement a PIC change charge waiver period of 90 days.

New Customers

Customers who contact Budget Phone requesting new telephone exchange service will be provided a list of telecommunications carriers available to provide interLATA toll service. Upon implementation of intraLATA toll presubscription, the customer will be provided a second list of carriers, including Budget Phone, that provides intraLATA toll service in their exchange. The list of intraLATA toll carriers will be presented in a competitively neutral manner. Customers who do not make a positive choice for an intraLATA toll carrier will be identified within Budget Phone's system as a "no-PIC" and will not be automatically defaulted to a carrier. Customers identified as "no-PIC" within Budget Phone's systems will be required to dial 101XXXXX to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

III. Customer Education/Notification

Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following implementation of intraLATA Dialing Party, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. Budget Phone anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing parity. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

IV. Carrier Notification

Current interexchange carriers will be notified of Budget Phone's intraLATA toll dialing parity implementation via letter approximately 90 days in advance of the proposed implementation date. Carriers should provide a list of exchanges in which they plan to offer intraLATA toll service at least 60 days in advance of Budget Phone's implementation date. Budget Phone needs notification in advance to include the carrier on the list of participating carriers in each Budget Phone exchange. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying Budget Phone.

Budget Phone will provide subscriber listing information to carriers in "readily accessible" tape or electronic formats in at timely manner as requested through the processes that currently exist for the interLATA market. The process includes subscriber listing updates to carriers for new customers who choose that carrier or of existing customers of a carrier who revise their subscriber listing information. In addition, carriers can obtain complete subscriber listings in several formats. The provision of this information is in compliance with FCC Order No. 96-333, Paragraph 389.

Budget Phone will comply with Part 51, Sections, 305, 307, 325, 327, 329, 331, 333 and 335 of the FCC Order in providing the required information and notice to the public of network changes. Budget Phone plans to file a public notice with the FCC, with possible migration of the notice to the Internet process as described in Section 329. The notice will include network information as outlined in Section 327. The notice will be provided within the timeframes described in Sections 331-333. Budget Phone will comply with all rules of the FCC and the TRA.

V. Non-Discriminatory Access

Budget Phone will provide:

non-discriminatory access to emergency services and services for the hearing and speech impaired;

non-discriminatory access to local and long distance directory assistance and provision of local telephone directories to end users;

non-discriminatory access to operator services;

non-discriminatory access using standard dialing patterns to all interLATA and intraLATA long distance carriers, including 1+ and 0+ access to the customer's carrier of choice for interLATA calls; and

non-discriminatory access to telephone numbers and number portability where technically and economically feasible.

VI. Slamming Policy

Verification of orders

Budget Phone will not submit a change order for local exchange or intrastate toll service until the change order is confirmed in accordance with one of the following procedures:

- (a) Budget Phone has obtained the customer's written authorization to submit the order which includes the following information from the customer:
- (1) The customer billing name, billing telephone number and billing address and each telephone number to be covered by the change order;
- (2) The decision to change; and
- (3) The customer's understanding of the change fee.
- (b) Budget Phone has obtained the customer's authorization, as described in (a) of this subsection, electronically.

Calls to the number(s) shall connect a customer to a voice response unit, or similar, that records the required information regarding the change, including automatically recording the originating automatic number identification (ANI).

(c) An appropriately qualified and independent third party operating in a location physically separate from the telemarketing representative has obtained the customer's oral authorization to submit the change order that confirms and includes appropriate verification data in (a) of this subsection.

Implementing order changes

- (a) Telemarketing orders. Within three business days of any telemarketing order for a change, Budget Phone will send each new customer an information package by first class mail containing at least the following information concerning the requested change:
- (1) The information is being sent to confirm a telemarketing order placed by the customer.
- (2) The name of the customer's current telecommunications company.
- (3) A description of any terms, conditions or charges that will be incurred.

- (4) The name of the newly requested telecommunications company.
- (5) The name of the person ordering the change.
- (6) The name, address and telephone number of both the customer and Budget Phone.
- (7) A postpaid postcard which the customer can use to deny, cancel or confirm a service order.
- (8) A clear statement that if the customer does not return the postcard, the customer's service will be switched fourteen days after the date the information package was mailed. If customers have cancelled their orders during the waiting period, Budget Phone cannot submit the customer's order.
- (9) The name, address and telephone number of a contact point for consumer complaints.
- (b) The documentation of the order shall be retained by Budget Phone, at a minimum, for twelve months to serve as verification of the customer's authorization to change its telecommunications company. The documentation will be made available to the customer upon request.
- (c) Customer initiated orders. Budget Phone when receiving the customer initiated request for a change of local exchange and/or intrastate toll shall keep an internal memorandum or record generated at the time of the request. Such internal record shall be maintained by Budget Phone for a minimum of twelve months to serve as verification of the customer's authorization to change telecommunications companies. The internal record will be made available to the customer upon request. Within three business days of the order, Budget Phone will send each new customer an information package by first class mail containing at least the following information concerning the request to change.

List of Exchanges

Adams-Cedar Hill Arlington **Ashland City** Athens Bean Station Bells Bent Creek Benton Bethel Springs Big Sandy Blanche **Bolivar** Brownsville Bulls Gap Camden Carthage Cedar Grove Centerville Charleston Charlotte Cleveland Chattanooga Chestnut Hill Clarksville Clinton Collierville Columbia Copper Basin Covington Cross Plains Culleoka **Cumberland City** Cumberland Gap Cunningham Dandridge Dayton Decatur Dickson Dover Dyer East Sango Dyersburg Eagleville Elkton Etowah Fairview Fayetteville Flintville Franklin Fredonia Gallatin Gatlinburg Georgetown Gibson Gleason Goodlettsville **Grand Junction** Greenback Greenbrier Greenfield Halls Hampshire Harriman Hartsville Henderson Hendersonville Henning Hohenwald Hornbeak Humboldt Huntington Huntland Jackson Jasper Jefferson City Jellico Kenton Kingston **Kingston Springs** Knoxville LaFollette LaGrange Lake City Lawrenceburg Lebanon Lenoir City Lewisburg Lexington Loudon Lyles Lynchburg Lynnville Madisonville Manchester Maryville Mascot Maynardville McEwen McKenzie Medina Memphis Middleton Milan Morristown Moscow Mt. Pleasant Murfreesboro Nashville Newbern Newport Normandy **Norris** N. Spring Hill Oliver Springs Oak Ridge Old Hickory Palmyra **Paris** Petersburg Pleasant View Portland Pulaski Ridgely Ripley Rockwood Rogersville Sango Santa Fe Savannah Selmer Sevierville Sewanee Shelbyville Sneedville Smyrna Soddy-Daisy Solway Somerville S. Cunningham S. Fredonia S. Pittsburgh Spencer Mill Spring City Springfield Spring Hill Summertown Surgoinsville Sweetwater **Tiptonville** Triune Trenton Troy Tullahoma Union City Vanleer Wartrace Watertown Waverly W. Sweetwater W. Whiteville White Bluff White House White Pine Whiteville Whitewell Williamsport Winchester

EXHIBIT "G" SMALL & MINORITY OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

BUDGET PHONE, INC.

SMALL & MINORITY OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

Pursuant to T.C.A. §65-5-212, as amended, Budget Phone, Inc. ("Budget Phone") submits this small and minority-owned Telecommunications business participation plan (the "Plan") along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate and local exchange services in Tennessee.

I. PURPOSE

The purpose of §65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to Telecommunications service providers. Budget Phone is committed to the goals of §65-5-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the Telecommunications industry. Budget Phone will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, Budget Phone will make efforts to identify and inform minority-owned and small businesses that are qualified and capable of providing goods and services to Budget Phone of such opportunities. Budget Phone's representatives have already contacted the Department of Economic and Community Development, the administrator of the small and minority-owned Telecommunications assistance program, to obtain a list of qualified vendors. Moreover, Budget Phone will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

II. DEFINITIONS

As defined in §65-5-212.

Minority-Owned Business. Minority-owned business shall mean a business which is solely owned, or at lease fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business. Small Business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

III. ADMINISTRATION

Budget Phone's Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting Budget Phone's full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

Art Magee, Comptroller Budget Phone, Inc. 6901 W. 70th Street Shreveport, Louisiana 71129 Telephone: (318) 671-5000 Facsimile: (318) 671-5024

The Administrator's responsibilities will include:

(1) Maintaining an updated Plan in full compliance with §65-5-212 and the rules and orders of the Tennessee Regulatory Authority.

- (2) Establishing and developing policies and procedures necessary for the successful implementation of the Plan.
- (3) Preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates.
- (4) Serving as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in §65-5-212.
- (5) Searching for and developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts.
- (6) Providing records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.
- (7) Establishing a record-keeping system to track qualified small and minority-owned businesses and efforts to use such businesses.
- (8) Providing information and educational activities to persons within Budget Phone and training such persons to seek out, encourage, and promote the use of small and minority-owned businesses.

In performance of these duties, the Administrator will utilize a number of resources, including:

Chambers of Commerce
The Tennessee Department of Economic and Community Development
The United States Department of Commerce
Small Business Administration
Office of Minority Business

The National Minority Supplier Development Counsel

The National Association of Women Business Owners

The National Association of Minority Contractors

Historically Black Colleges, Universities, and Minority Institutions

The efforts to promote and ensure equal opportunities for small and minority-owned

businesses are primarily spelled out in the Administrator's duties above. Additional efforts to

provide opportunities to small and minority-owned businesses will include offering, where

appropriate and feasible, small and minority-owned businesses assistance with technical, insurance,

bonding, licensing, production, and deadline requirements.

IV. RECORDS AND COMPLIANCE REPORTS

Budget Phone will maintain records of qualified small and minority-owned business and

efforts to use the goods and services of such businesses. In addition, Budget Phone will maintain

records of educational and training activities conducted or attended and of the internal procurement

procedures adopted to support this plan.

Budget Phone will submit records and reports required by the Tennessee Regulatory

Authority concerning the Plan. Moreover, Budget Phone will cooperate fully with any surveys and

studies required by the Tennessee Regulatory Authority.

Budget Phone, Inc.

President

Dated: _ _\-\O

TN CLEC App

EXHIBIT "H" PRE-FILED TESTIMONY

PRE-FILED TESTIMONY OF R. DANIEL HYDE, JR.

I. Introduction

1	1.	Q.	Please state your name and business address.
2		A.	My name is R. Daniel Hyde, Jr My business address is 6901 W. 70th Street,
3			Shreveport, Louisiana 71129.
4	2.	Q.	By whom are you employed and in what capacity?
5 .		A.	I am President for Budget Phone, Inc. ("Budget Phone").
6	3.	Q.	Please give a brief description of your background and experience in business and
7			telecommunications.
8		A.	My background and experience, as well as other members of the management team
9			of Budget Phone, are set forth in Exhibit D to our application.
10			

What is the purpose of your testimony? 1 4. Q. The purpose of my testimony is to describe the nature of Budget Phone's proposed 2 A. service offering within the State of Tennessee, and to demonstrate its financial, 3 managerial, and technical ability to provide the telecommunications services for 4 which authority is sought herein. 5 Do you wish to incorporate by reference any documents into your testimony? 6 5. Q. Yes. I wish to incorporate by reference the underlying Application filed in this 7 A. proceeding and its associated attachments. 8 II. The Business of Budget Phone 9 Has Budget Phone registered to do business in Tennessee? 6. 10 Q. Yes. Budget Phone is a Louisiana Corporation that has received authorization to 11 A. transact business within the State of Tennessee. A copy of Budget Phone's Articles 12 of Incorporation and bylaws are attached to the Application as Exhibit A and a copy 13 of the document of authorization from the State of Tennessee is attached to that 14 15 Application as Exhibit B. 16

1	7. Q.	Please describe the services Budget Phone intends to provide within the State of
2		Tennessee.
3	A.	Budget Phone expects to offer a full array of local exchange services to both
4 5 6		business and residential customers, including the following:
7 8 9		A. Local Exchange Services for business and residence customers that will enable customers to originate and terminate local calls in the local calling area served by other LECs.
10 11 12		B. Switched local exchange services, including basic service, trunks, carrier access, and any other switched local services that currently exist or will exist in the future.
13 14		C. Non-switched local services (e.g., private line) that currently exist or will exist in the future.
15 16		D. Centrex and/or Centrex-like services that currently exist or will exist in the future.
17		E. Digital subscriber line, ISDN, and other high capacity services.
18	•	In addition to the services listed above, Budget Phone, through interconnection with
19		other carriers, will offer dual-party relay services, 9-1-1 Emergency Services,
20		directory assistance and operator assisted calls, lifeline, and toll-free calling.

How does Budget Phone intend to provide service in the State of Tennessee? 1 8. Q. Budget Phone currently is providing resold local exchange service on a prepaid 2 A. basis in the State of Tennessee utilizing the facilities of BellSouth 3 Communications and United Telephone Company. Budget Phone intends to use 4 unbundled network elements purchased from BellSouth and other incumbent 5 local exchange providers, where applicable, upon approval of this application. 6 Budget Phone has no current plans to install facilities in the State of Tennessee. 7

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9. Q. Does Budget Phone have authorization to provide intrastate telecommunications services in any other state?

Applicant is currently authorized to provide: 1) Resold and facilities-based À. (UNE-P) local exchange service in Louisiana, Michigan, Virginia, West Virginia, Oregon, Washington, Delaware, Colorado, Wyoming, Maryland, Pennsylvania, Connecticut, Arizona, California, Nevada, New York, New Mexico, Massachusetts and Ohio; 2) Resold local exchange service in Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Tennessee and Kentucky; and 3) interexchange service in Colorado, Indiana, Massachusetts, Ohio, New Jersey, New York, North Carolina, Texas and Wyoming. company's wholly-owned subsidiary, Snappy Phone of Texas, Inc., is currently authorized to provide resold local exchange service in Wisconsin, Illinois, Indiana, Kansas, Missouri, Oklahoma, Arkansas and Texas. The company's wholly-owned subsidiary, Budget Phone of Virginia, Inc., is currently authorized to provide resold and facilities-based (UNE-P) local exchange service in Virginia. Applicant is in the process of applying for authorization to provide competitive local exchange and interexchange services in the 48 contiguous states. Applicant has not been denied authority for any of the services for which it seeks authority in this Application. Applicant is currently providing local exchange service in Louisiana, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Tennessee, Kentucky, Kansas, Missouri, Oklahoma, Arkansas, Texas, Wisconsin, Illinois, Indiana, Oregon, New Mexico and Arizona.

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2	10.	Q.	Has Budget Phone ever had an application for a certificate of public convenience
3			and necessity denied?
4		Α.	No.
5	11.	Q.	Does Budget Phone intend to file a tariff with the Commission?
6		A.	Yes. Budget Phone currently has a tariff on file with Commission and will amend it
7			if necessary upon approval of this application.
8	12.	Q.	Is Applicant is willing and able to adhere to all applicable TRA policies, rules and
9			orders?
10		A.	Yes. Applicant is willing and able to adhere to all applicable TRA policies, rules
11			and orders. In addition, Budget Phone at all times will provide interstate services in
12			compliance with all FCC rules and regulations. Budget Phone will at all times
13	,		provide and market services in accordance with current Commission policies and
14			will attempt to comply with the terms of that order in every respect possible.
15	13.	Q.	Has Budget Phone provided any intrastate telecommunications services within the
16			State of Tennessee?
17		A.	Yes. Budget Phone is currently provide resold local exchange service on a prepaid
18			basis in the State of Tennessee pursuant to authority granted by this Commission.
19	14.	Q.	What rates will Budget Phone charge upon receipt of certification?
20		A.	Budget Phone will charge the tariffed rates approved by the Commission.
21	15.	Q.	How will Budget Phone market services in Tennessee?
22		A.	Budget Phone intends to market its services via direct sales by Budget Phone's
23			employees and independent agents.

III. Managerial, Technical and Financial Qualifications

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- 2 16. Q. Does Budget Phone have sufficient managerial, technical, and financial resources and ability to provide the telecommunications services proposed in its Application?
 - A. Yes. Budget Phone has sufficient technical, financial, and managerial resources and ability to provide the telecommunications services for which authority is sought herein. Budget Phone's personnel represent a broad spectrum of business and technical disciplines, possessing many years of individual and aggregate telecommunications experience.

My qualifications and experience, as well as members of Budget Phone's current management team, are discussed on Exhibit D which is attached to our Application in support of Applicant's managerial and technical ability to provide the services for which authority is sought herein.

13 17. Q. How does Budget Phone handle customer service requests?

Registrant's customer service department may be contacted nationwide via a local 15 A. or toll-free number. The Company will maintain a Customer Service Department 16 17 exclusively for Customer's questions, requests for service, complaints and trouble 18 handling. The Company's Customer Service address and applicable local or toll 19 free number(s) will be printed on the Customer's bill. The Customer Service 20 Department will be located at 6901 W. 70th Street, Shreveport, Louisiana 71129. 21 The Company also intends to have a locally staffed office at one or more hub site 22 locations in each state and will provide its customers with a local Customer 23 Service number which will be available 24 hours per day, 7 days per week. 24 Office Hours- Excluding holidays, Customer Service Representatives will be available 8:00 AM to 5:00 PM standard time Monday through Friday. After hours, Sundays and on holidays, Customers will automatically forwarded to an answering service for messaging and paging.

Complaint Procedures- The Customer shall pose any inquiries or disputes directly to the Company for resolution. Written communications should be directed to the Company's Customer Service department. All undisputed portions of any outstanding balance due are to be paid while resolution of the inquiry or dispute is pending. The Company will investigate a Customer inquiry or dispute and report the findings to the Customer. If the Company finds its actions to be consistent with its Tariff, the Company will inform the Customer of its no fault finding and require full payment of any outstanding balance due. If the Customer is not satisfied with the Company's resolution of an inquiry or dispute, the Customer may refer the matter to the Commission for final determination.

18. Q. Please describe the financial condition of Budget Phone.

A.

In support of Budget Phone's financial ability to provide the services sought herein, a copy of Budget Phone's Balance Sheets as of December 31, 1998, December 31, 1999, December 31, 2000 and December 31, 2001; Statement of Income, Retained Earnings, and Cash Flows for the years ending December 31, 1998, December 31, 1999, December 31, 2000 and December 31, 2001, was submitted as Exhibit C to its Application requesting confidential treatment.

IV. Public Interest

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3 19. Q. How will residents of Tennessee benefit from Budget Phone's services and presence in Tennessee?

The Commission's grant of this certificate is in the public interest because residential and business consumers of telecommunications services within Budget Phone's service territory will receive increased choice, improved quality of service, and heightened opportunities to obtain improved technology in the homes and businesses. Market incentives for new and old telecommunications providers in Tennessee will be improved greatly through an increase in the diversity of suppliers and competition within the local exchange telecommunications market. Consistent with the Commission's intent to aid in the development of a competitive telecommunications environment in Tennessee, the granting of a certificate of authority to provide local exchange and interexchange service will offer increased efficiency to the State's telecommunications infrastructure through greater reliability of services and an increase in competitive choices.

17 20. Q. Does this conclude your testimony?

Α.

Yes. I would like to thank the Commission for this opportunity to provide information relevant to Budget Phone's Application and am ready to provide any additional information that the Commission may need in making its decision.

VERIFICATION OF APPLICANT

I, R. Daniel Hyde, Jr., President of Budget Phone, Inc., a Louisiana Corporation, the applicant for a Certificate of Public Convenience and Necessity from the Public Service Commission of the State of Tennessee, verify that based on information and belief, I have knowledge of the statements in the foregoing Application, and I declare that they are true and correct.

K. Daniel Hyde, Jr.

President

Budget Phone, Inc.

Sworn to me, the undersigned

Notary Public on this

1st day of July, 2002.

State of Louisiana

County of <u>Caddo Parish</u>

Notary Public

LINDA R. DAVIDSON, NOTARY PUBLIC CADDO PARISH, LOUISIANA MY COMMISSION IS FOR LIFE

EXHIBIT "I" NUMBERING ISSUES & TENNESSEE SPECIFIC OPERATION ISSUES

Numbering Issues – Since the company will be providing service on a resold basis and by utilizing the UNE-P platform, the company will rely upon its underlying carriers, currently BellSouth and United Telephone, to conserve and manage numbering issues.*

- 1. Applicant's expected demand for NXXs within a year of approval of our application is 2000.
- 2. None. Any requests will be made by the underlying carriers.
- 3. We expect to establish our initial service footprint in all NPAs which encompass the BellSouth and United Telephone service areas.
- 4. Yes, if possible.
- 5. Not applicable.
- 6. Not applicable.

Tennessee Specific Operation Issues

- 1. Our current billing system will allow us to bill the calling plan in compliance with TCA Section 65-21-114.
- 2. Yes.
- 3. Yes.
- 4. The company will use its calling area index table when preparing billing.
- 5. Employee responsible to work with the TRA on resolving customer complaints:

Regulatory contact:

Art Magee

(318) 671-5000

Customer Service contact:

Vicki Hamilton

(888) 424-5588

6. The company intends to use telesales by its own employees. The company is aware of the telemarketing statutes and limitations found in TCA Section 65-4-401 and Chapter 1220-4-11 and will make every effort to comply with these regulations.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached APPLICATION OF BUDGET PHONE, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY was served upon the following parties of record by depositing a copy of same in the United States Mail, First Class, Postage Prepaid, to their last known address as follows:

Ardmore Telephone Company, Inc.

P.O. Box 549 517 Ardmore Avenue Ardmore, TN 38449 (205) 423-2131 (205) 423-2208 (Fax)

BellSouth

333 Commerce Street Nashville, TN 37201-3300 (615) 214-3800 (615) 214-8820 (Fax)

Century Telephone of Adamsville

P.O. Box 405 116 N. Oak Street Adamsville, TN 38310 (901) 632-3311 (901) 632-0232 (Fax)

Century Telephone of Claiborne

P.O. Box 100 507 Main Street New Tazewell, TN 37825 (423) 626-4242 (423) 626-5224 (Fax)

Century Telephone of Ooltewah-Collegedale, Inc.

P.O. Box 782 5616 Main Street Ooltewah, TN 37363 (423) 238-4102 (423) 238-5699 (Fax)

Citizens Communications Company of Tennessee

P.O. Box 770 300 Bland Street Bluefield, WV 24701

Citizens Communications Company Of The Volunteer State

P.O. Box 770 300 Bland Street Bluefield, WV 24701

Loretto Telephone Company, Inc.

P.O. Box 130 Loretto, TN 38469 (931) 853-4351 (931) 853-4329 (Fax)

Millington Telephone Company, Inc.

4880 Navy Road Millington, TN 38053 (901) 872-3311 (901) 873-0022 (Fax)

Sprint-United

112 Sixth Street Bristol, TN 37620 (423) 968-8161 (423) 968-3148 (Fax)

TDS Telecom-Concord Telephone Exchange, Inc.

P.O. Box 22610 701 Concord Road Knoxville, TN 37933-0610 (423) 966-5828 (423) 966-9000 (Fax)

TDS Telecom-Humphreys County Telephone Company

P.O. Box 552 203 Long Street New Johnsonville, TN 37134-0552

(931) 535-2200 (931) 535-3309 (Fax)

TDS Telecom-Tellico Telephone Company, Inc.

P.O. Box 9 102 Spence Street Tellico Plains, TN 37385-0009

> (423) 671-4600 (423) 253-7080 (Fax

TDS Telecom-Tennessee Telephone Company

P.O. Box 18139 Knoxville, TN 37928-2139 (423) 922-3535 (423) 922-9515 (Fax)

TEC-Crockett Telephone Company, Inc.

P.O. Box 7 Friendship, TN 38034

(901) 677-8181

TEC-People's Telephone Company, Inc.

P.O. Box 310 Erin, TN 37061

(931) 289-4221 (931) 289-4220 (Fax)

TEC-West Tennessee Telephone Company, Inc.

P.O. Box 10 244 E. Main Street Bradford, TN 38316

(901) 742-2211 (901) 742-2212 (Fax)

United Telephone Company

P.O. Box 38 120 Taylor Street Chapel Hill, TN 37034

(931) 364-2289 (931) 364-7202 (Fax)

This the day of ______, 2002

Lance J.M. Steinhart Attorney at Law Tariff

TITLE SHEET

TENNESSEE TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by Budget Phone, Inc. ("Budget Phone"), with principal offices at 6901 W. 70th Street, Shreveport, Louisiana 71129. This tariff applies for services furnished within the State of Tennessee. This tariff is on file with the Tennessee Regulatory Authority, and copies may be inspected, during normal business hours, at the company's principal place of business.

CONCURRING, CONNECTING OR

OTHER PARTICIPATING CARRIERS

- 1. Concurring Carriers None
- 2. Connecting Carriers None
- 3. Other Participating Carriers None

CHECK SHEET

The Sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

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^{*} New or Revised Sheet

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TARIFF FORMAT

- A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.
- B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.
- C. Paragraph Numbering Sequence: There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

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2.1

2.1.1

2.1.1.A

2.1.1.A.1

2.1.1.A.1.(a)

2.1.1.A.1.(a).I

2.1.1.A.1.(a).I.(i)

2.1.1.A.1.(a).I.(i)
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D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- to signify change in regulation (C)
- (D) to signify a deletion
- (I) to signify a rate increase
- (L) to signify material relocated in the tariff
- to signify a new rate or regulation
- to signify a rate reduction (R)
- to signify a change in text, but no change in rate or (T) regulation

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to the Company's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable the Company to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

<u>Commission</u> - Used throughout this tariff to mean the Tennessee Regulatory Authority.

Company or Budget Phone - Used throughout this tariff to mean Budget Phone, Inc., a Louisiana Corporation.

Customer - The person, firm, corporation or other legal entity which orders the services of the Company or purchases a Company Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

<u>Dedicated Access</u> - The Customer gains entry to the Company's services by a direct path from the Customer's location to the Company's point of presence.

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Holidays shall be billed at the evening rate from 8 a.m. to 11 p.m. After 11 p.m., the lower night rate shall go into effect.

<u>Prepaid Account</u> - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

Resp. Org - Responsible Organization or entity identified by a Toll-Free service Customer that manages and administers records in the toll free number database and management system.

Switched Access - The Customer gains entry to the Company's services by a transmission line that is switched through the local exchange carrier to reach the Company's point of presence.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of Tennessee.

<u>Telecommunications</u> - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

<u>Underlying Carrier</u> - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

This tariff contains the regulations and rates applicable to intrastate interexchange telecommunications services provided by the Company for telecommunications between points within the State of Tennessee. Services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. Company's services are provided on a statewide basis and are not intended to be limited geographically. Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company, which fully identifies the Customer, the services requested and other information requested by the Company. The Company reserves the right to examine the credit record and check the references of all applicants and Customers prior to accepting the service order. The service application shall not in itself obligate the Company to provide services or to continue to provide service if a later check of applicant's credit record is, in the opinion of the Company, contrary to the best interest of the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement.

- The services provided by the Company are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.
- The rates and regulations contained in this tariff apply only to the services furnished by the Company and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of the Company.
- 2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use of Services

- 2.2.1 The Company's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.
- 2.2.2 The use of the Company's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

- 2.2.3 The use of the Company's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.4 The Company's services are available for use twenty-four hours per day, seven days per week.
- 2.2.5 The Company does not transmit messages, but the services may be used for that purpose.
- 2.2.6 The Company's services may be denied for nonpayment of charges or for other violations of this tariff.
- 2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.
- 2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

- 2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.
- The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects or misrepresentations shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.
- 2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether owned or controlled by the Customer or others.
- The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities, which the Customer requests and which are ordered by the Company on the Customer's behalf.
- 2.4.3 If required for the provision of the Company's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to the Company.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to the Company and the Customer when required for Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.
- 2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of the Company's equipment to be maintained within the range normally provided for the operation of microcomputers.

- The Customer shall ensure that the equipment 2.4.6 and/or system is properly interfaced with the Company's facilities or services, that the signals emitted into the Company's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, the Company will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to Company equipment, personnel or the quality of service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notice, terminate the Customer's service.
 - The Customer must pay the Company for 2.4.7 replacement or repair of damage to the equipment or facilities of the Company caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
 - The Customer must pay for the loss through 2.4.8 theft of any Company equipment installed at Customer's premises.
 - If the Company installs equipment at 2.4.9 Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

Issued: August 7, 2002 By:

Effective:

Art Magee, Comptroller 6901 W. 70th Street Shreveport, Louisiana 71129 2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 <u>Cancellation or Interruption of Services</u>

- Without incurring liability, upon five (5)
 working days' (defined as any day on which
 the company's business office is open and the
 U.S. Mail is delivered) written notice to the
 Customer, the Company may immediately
 discontinue services to a Customer or may
 withhold the provision of ordered or
 contracted services:
 - 2.5.1.A For nonpayment of any sum due the Company for more than thirty (30) days after issuance of the bill for the amount due,
 - 2.5.1.B For violation of any of the provisions of this tariff,
 - 2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over the Company's services, or
 - 2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting the Company from furnishing its services.

- Without incurring liability, the Company may 2.5.2 interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and the Company's equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.
- Service may be discontinued by the Company 2.5.3 without notice to the Customer, by blocking traffic to certain countries, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.
- The Customer may terminate service upon 2.5.4 thirty (30) days written notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

2.6 Credit Allowance

- 2.6.1 Credit may be given for disputed calls, on a per call basis.
- 2.6.2 Credit shall not be issued for unavailability of long distance services.

2.7 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.8 Deposit

The Company does not require deposits.

2.9 Advance Payments

The Company does not require advance payments.

2.10 Payment and Billing

- 2.10.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt. A late fee will be assessed on any unpaid amount 30 days after rendition of bills.
- The customer is responsible for payment of 2.10.2 all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, subscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, subscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non-recurring charges are billed in advance. Charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.
- 2.10.3 All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing within 30 days after such bills are rendered. No credits, refunds, or adjustments shall be granted if demand therefore is not received by the Company in writing within such 30 day period.

2.11 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated or non-regulated services, equipment or facilities, or to enforce any judgment obtained against a Customer, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.12 <u>Taxes</u>

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein.

2.13 Late Charge

A late fee of 1.5% monthly or the amount otherwise authorized by law, whichever is lower, will be charged on any past due balances.

2.14 Returned Check Charge

A fee will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.15 Reconnection Charge

A reconnection fee \$25 per occurrence will be charged when service is reestablished for Customers which have been disconnected due to non-payment. Payment of the reconnection fee and any other outstanding amounts will be due in full prior to reconnection of service.

SECTION 3 - DESCRIPTION OF SERVICE

Issued: August 7, 2002 By:

Effective:

Art Magee, Comptroller 6901 W. 70th Street Shreveport, Louisiana 71129

3.1 <u>Computation of Charges</u>

- 3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute that is applied to each minute. All calls are measured in increments as set forth in the Rates Section of this tariff. All calls are rounded up to the next whole increment.
- 3.1.2 Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the exchange (the area code and three digit central office code) associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to industry standards.

Timing begins when the called station is 3.1.3 answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. Company will not bill for uncompleted calls.

3.2 <u>Customer Complaints and/or Billing Disputes</u>

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

> 6901 W. 70th Street Shreveport, Louisiana 71129 (888) 424-5588

Any objection to billed charges should be reported promptly to the Company. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Where overbilling of a subscriber occurs, due either to Company or subscriber error, no liability exists which will require the Company to pay any interest, dividend or other compensation on the amount overbilled.

If a Customer accumulates more than One Dollar of undisputed delinquent Company 800 Service charges, the Company Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

3.3 <u>Level of Service</u>

A Customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Billing Entity Conditions

When billing functions on behalf of the Company or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. The Company's name and toll-free telephone number will appear on the Customer's bill.

3.5 <u>Service Offerings</u>

3.5.1 1+ Dialing

This service permits Customers to originate calls via switched or dedicated access lines, and to terminate intrastate calls. The Customer dials "1+" followed by "ten digits" or dials "101XXXX" followed by "1+ ten digits".

3.5.2 Travel Cards

The Customer utilizes an 11 digit "toll-free" access number established by the Company to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, and the ten digit number of the called party.

3.5.3 Toll-Free Service

This service is inbound calling only where an 800, 888 or other toll-free prefix number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

3.5.4 Company Prepaid Calling Cards

This service permits use of Prepaid Calling Cards for placing long distance calls. Customers may purchase Company Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. Company Prepaid Calling Cards are available at a variety of face values ranging from five dollars (\$5.00), in one dollar (\$1.00) increments. Company Prepaid Calling Card service is accessed using the Company tollfree number printed on the card. is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone The Company's processor tracks the number. call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units and applicable taxes for each call are deducted from the remaining Telecom Unit balance on the Customer's Company Prepaid Calling Card.

All calls must be charged against Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted.

When the balance is depleted, the Customer can either call the toll-free number on the back of the Company Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the Company Prepaid Calling Card is insufficient to continue the call.

A card will expire on the date indicated on the card, or if no date is specified, 6 months from the date of purchase, or the date of last recharge, whichever is later. The Company will not refund unused balances.

A credit allowance for Company Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the Company Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, etc.), and the approximate time that the call was placed.

When a call charged to a Company Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowances for calls pursuant to the Company Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls can not be completed.

3.5.5 Directory Assistance.

> Access to long distance directory assistance is obtained by dialing 1 + 555-1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings.

3.5.6 Specialized Pricing Arrangements.

> Customized service packages and competitive pricing packages at negotiated rates may be furnished on a case-by-case basis in response to requests by Customers to the Company for proposals or for competitive bids. Service offered under this tariff provision will be provided to Customers pursuant to contract. Unless otherwise specified, the regulations for such arrangements are in addition to the applicable regulations and prices in other sections of the tariff. Specialized rates or charges will be made available to similarly situated Customers on a non-discriminatory basis. Discounts may apply based upon volume, affinity group plans, or term plan commitments.

3.5.7 Emergency Call Handling Procedures

> Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.8 Promotional Offerings

> The Company may, from time to time, make promotional offerings to enhance the marketing of its services. These offerings may be limited to certain dates, times and locations. The Company will notify the Commission of such offerings as required by Commission rules and regulations.

SECTION 4 - RATES

4.1 1+ Dialing

\$0.10 per minute

Billed in one minute increments

4.2 Travel Cards

\$.25 per minute

A \$.25 per call service charge applies. Billed in one minute increments

\$0.15 per minute

A \$10 per month per number service charge applies. Billed in one minute increments

4.4 Prepaid Calling Cards

```
Program
Α
          $.015 Per Telecom Unit
В
          $.019 Per Telecom Unit
C
          $.025 Per Telecom Unit
D
          $.029 Per Telecom Unit
Ē
          $.032 Per Telecom Unit
F
          $.035 Per Telecom Unit
G
          $.039 Per Telecom Unit
Η
          $.049 Per Telecom Unit
I
          $.05 Per Telecom Unit
J
          $.059 Per Telecom Unit
K
          $.06 Per Telecom Unit
L
          $.08 Per Telecom Unit
Μ
          $.09 Per Telecom Unit
Ν
          $.10 Per Telecom Unit
          $.11 Per Telecom Unit
0
Ρ
          $.12 Per Telecom Unit
Q
          $.13 Per Telecom Unit
R
          $.14 Per Telecom Unit
S
          $.15 Per Telecom Unit
\mathbf{T}
          $.19 Per Telecom Unit
U
          $.20 Per Telecom Unit
V
          $.25 Per Telecom Unit
W
          $.29 Per Telecom Unit
Χ
          $.30 Per Telecom Unit
Y
          $.33 Per Telecom Unit
Z
          $.35 Per Telecom Unit
AΑ
          $.39 Per Telecom Unit
BB
          $.40 Per Telecom Unit
CC
          $.50 Per Telecom Unit
DD
          $.005 Per Telecom Unit
EE
          $.01 Per Telecom Unit
          $.07 Per Telecom Unit
A $.99 per call service charge applies.
A one-time maintenance fee of $1.00 applies after the 1^{st} call.
```

Issued: August 7, 2002 Effective:

By:

Art Magee, Comptroller 6901 W. 70th Street Shreveport, Louisiana 71129

4.5 Returned Check Charge

\$25.00

4.6 Directory Assistance

\$.75

4.7 Rate Periods

Perious			
	Monday - Friday	Sat.	Sun.
8 a.m. to 5 p.m.*	Daytime Rate Period		
5 p.m. to 11 p.m.*	Evening Rate Period		Evening Rate Period
11 p.m. to 8 a.m.*	Night/Weekend Rate	Period	

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded down to the lower cent.

4.8 Payphone Dial Around Surcharge

A dial around surcharge of \$.24 per call will be added to any completed INTRAstate toll access code and subscriber toll-free 800/888 type calls placed from a public or semipublic payphone.

4.9 <u>Universal Service Fund Assessment</u> & <u>Presubscribed</u> Interexchange Carrier Charge

The Customer will be assessed a monthly Universal Service Fund Contribution charge on all telecommunications services, which in no event shall be less than the prevailing contribution percentage rate charged the Company on intrastate traffic by the Universal Service Administrative Company (or any successor) or any state agency or its administrator. A Presubscribed Interexchange Carrier Charge ("PICC") applies on a monthly basis to all Customer monthly bills at the prevailing rate.

Articles of Incorporation

ARTICLES OF INCORPORATION

OF

BUDGET PHONE, INC.

STATE OF LOUISIANA
PARISH OF CADDO

BE IT KNOWN, on this 30th day of April, 1996, before me, the undersigned Notary Public, personally came and appeared JOHN M. FRAZIER, person of the full age of majority and a resident of Caddo Parish, Louisiana, who declared to me, in the presence of the undersigned competent witnesses, that, availing himself of the provisions of the Louisiana Business Corporations Law (Title 12, Chapter 1, Louisiana Revised Statutes of 1950, as revised and codified by Act 105 of 1968, Legislature of Louisiana, as amended from time to time), do hereby organize BUDGET PHONE, INC., successors and assigns, into a corporation in pursuance of that law, under and in accordance with the following articles of incorporation.

ARTICLE I. NAME

The name of this corporation is BUDGET PHONE, INC.

ARTICLE II. OBJECTS AND PURPOSES

The objects and purposes for which this corporation is organized and the nature of the business to be carried on by it are stated and declared to be as follows:

To enter into any business lawful under the laws of the State of Louisiana, either for its own account, or for the account of others, as agent, and either as agent or principal, to enter into or engage in any kind of business of any nature whatsoever, in which corporations organized under the Louisiana Business Corporations Law may engage; and to the extent not prohibited, to enter into and engage in any kind of business of any nature whatsoever in any other state of the United States of America, any foreign nation, and any territory of any country to the extent permitted by the laws of such other state, nation or territory.

ARTICLE III. DURATION

The duration of this corporation shall be in perpetuity, or such maximum period as may be authorized by the laws of Louisiana.

ARTICLE IV. AUTHORIZED CAPITAL

- A. The total authorized capital stock of this corporation is 10,000 shares of no par value common stock.
 - B. Shareholders shall have pre-emptive rights.

ARTICLE V. DIRECTORS

- A. Unless and until otherwise provided in the by-laws, all of the corporate powers of this corporation shall be vested in, and all of the business and affairs of this corporation shall be managed by a board of not less than one nor more than three directors. The number of directors may be increased or decreased within the limits above provided by a majority vote of the directors.
- B. The Board of Directors shall have the authority to make and alter by-laws, including the right to make and alter by-laws fixing their qualifications, classifications, or terms of office, or fixing or increasing their compensation, subject to the power of the shareholders to change or repeal the by-laws so made.
- C. The Board shall further have the authority to exercise all such other powers and to do all such other lawful acts and things which this corporation or its shareholders might do, unless prohibited from so doing by applicable law, or by the articles of incorporation, or by the by-laws of the corporation.
- D. The general annual meeting of the stockholders for the election of Board shall be held within five months from the close of the Corporation's fiscal year unless and until otherwise provided in the By-Laws.
- E. The number, classification, qualifications, term of office, manner of election, time and place of meeting, whether within or outside the State of Louisiana, and the powers and duties

of the directors, may from time to time be fixed, changed, increased or reduced by the by-laws.

- F. Until otherwise provided in the by-laws, any director absent from a meeting may be represented by any other director, who may cast the vote of the absent director according to the written instructions, general or special, of the absent director according to the written instructions, general or special, of the absent director, filed with the Secretary.
- G. Upon the written request of stockholders holding a majority of the voting stock of this corporation issued and outstanding, any member of the Board of Directors of this corporation, whether or not his term of office shall have expired, may be replaced by a director designated by such stockholder in writing, at any time.

ARTICLE VI. INCORPORATOR

The name and post office address of the incorporator is as follows:

John M. Frazier Peatross, Greer and Frazier P. O. Box 404 Shreveport, LA 71162-0404

ARTICLE VII. PURCHASE AND REDEMPTION OF SHARES

The corporation may purchase or redeem its own shares in the manner and on the conditions permitted and provided in Section 55 of the Business Corporations Law or other applicable law, and as

may be authorized by the Board of Directors. Shares so purchased shall be considered treasury shares, and may be cancelled and the capital stock reduced, as the Board of Directors may, from time to time, determine in accordance with law.

ARTICLE VIII. CONVERTIBLE SECURITIES AND STOCK PURCHASE RIGHTS

The corporation may issue convertible securities and rights to convert shares or obligations of the corporation into shares of any authorized class of stock, and the right or option to purchase shares of any authorized class of stock in the manner and on the conditions permitted and provided in Section 56 of the Business Corporations Law or other applicable law, and as may be authorized by the Board of Directors.

ARTICLE IX. CAPITAL SURPLUS AND DIVIDENDS

The Board of Directors shall have such power and authority with respect to capital, surplus and dividends, including allocation, increases, reduction, utilization, distribution and payment, as it permitted and provided in Sections 61, 62 and 63 of the Business Corporations Law or other applicable law.

ARTICLE X. AMENDMENTS TO ARTICLES OF INCORPORATION

Changes in the rights of holders of shares of any class shall be made by a majority vote or written consent, of the shareholders.

given voting power by these articles; and in addition, by a majority vote or written consent, of the class or classes of shareholders affected, whether they are otherwise entitled to vote or not.

Any other amendment for which a larger vote is not specifically made mandatory by the Business Corporations Law of Louisiana, may be made upon the majority vote or written consent, of the shareholders entitled to vote under these articles, including an increase or reduction of capital stock.

ARTICLE XI. SALES AND OTHER TRANSFER OF STOCK

Restrictions against, and regulation of, the sale and any other transfer of stock in this corporation may be prescribed in the by-laws or by shareholder agreements as permitted and provided in Sections 29 and 58 of the Business Corporations Law of Louisiana, or other applicable law.

THUS DONE AND SIGNED at my office in the Parish and State aforesaid, on the day, month and year set forth above, in the presence of the undersigned competent witnesses and me, Notary, after due reading of the whole.

WITNESSES:

Bunda CBaker

INCORPORATOR

JOHN M. FRAZIER

ish of Caddo, State of



SECRETARY OF STATE

As Secretary of State of the State of Louisiana. I do hereby Certify that

the Articles of Incorporation of

BUDGET PHONE, INC.

Domiciled at SHREVEPORT, LOUISIANA,

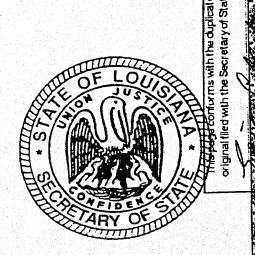
Were filed in this Office and a Certificate of Incorporation was issued on May 01, 1996,

I further certify that no Certificate of Dissolution has been issued.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

oftober 19, 1998 Then

CBU Secretary of State





SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that

BUDGET PHONE, INC.

A LOUISIANA corporation domiciled at SHREVEPORT,

Filed charter and qualified to do business in this State on May 01, 1996,

I further certify that the records of this Office indicate the corporation has paid all fees due the Secretary of State, and so far as the Office of the Secretary of State is concerned is in good standing and is authorized to do business in this State.

I further certify that this Certificate is not intended to reflect the financial condition of this corporation since this information is not available from the records of this Office.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

Jox: H: John

CL Jeretary of State



Certificate of Authority from Secretary of State

Secretary of State Corporations Section James K. Polk Building, Suite 1800 Nashville, Tennessee 37243-0306

DATE: 03/11/99
REQUEST NUMBER: 3641-1860
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 03/11/99 1126
EFFECTIVE DATE/TIME: 03/11/99 1126
CONTROL NUMBER: 0367379

TO: BUDGET PHONE INC 910 PIERREMONT RD STE 348 SHREVEPORT, LA 71106

E:
BUDGET PHONE, INC.
APPLICATION FOR CERTIFICATE OF AUTHORITY FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -

ON DATE: 03/11/99

FOR PROFIT

FROM: C T CORPORATION SYSTEM (DALLAS, TX.) 350 NO. ST. PAUL ST. RECEIVED: FEES \$600.00

\$0.00

DALLAS, TX 75201-0000

TOTAL PAYMENT RECEIVED:

\$600.00

RECEIPT NUMBER: 00002451026 ACCOUNT NUMBER: 00000022



RILEY C. DARNELL SECRETARY OF STATE

Current Financial Statement

Sample Invoice

BUDGET PHONE, INC.

ACCOUNT NUMBER:

P0000

INVOICE DATE:

00/00/00

BUDGET PHONE, INC.

6901 W. 70th Street

Shreveport, Louisiana 71129

FOR BILLING INQUIRES: 1-XXX-XXXX FOR SERVICE INQUIRES: 1-XXX-XXXXXX

John E. Doe 1 Drive

Anytown, NY 12345

PAST DUE CHARGES		\$.0	00				
CURRENT CHARGES							
DOMESTIC	\$.00						
INTERNATIONAL	\$.00						
FEDERAL TAX	\$.00						
STATE TAX	\$.00						
LOCAL/OTHER CHARGES	\$.00						
TOTAL CURRENT CHA	ARGES		\$.00				
TOTAL AMOUNT DUE BY 00/00/00 \$.00							

IMPORTANT: Please detach and return this portion with your payment

ACCOUNT	INVOICE	CURRENT	TOTAL	AMOUNT
	DATE	CHARGES	AMOUNT DUE	ENCLOSED
(000) 000-0000	00/00/00	\$.00	\$.00	

John E. Doe 1 Drive

Anytown, NY 12345

PLEASE MAKE CHECKS PAYABLE TO:

Budget Phone, Inc. 6901 W. 70th Street

Shreveport, Louisiana 71129

A one-time late fee of 1.5% will be charged on any monthly invoice due for more than 30 days.

BUDGET PHONE, INC.

ACCOUNT NUMBER: INVOICE DATE:

P0000 00/00/00

ORIGINATING NUMBER: (000) 000-0000

DATE	TIME	LOCATION AND NUMBER CALLED	MIN.	COST
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	0.	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00
00/00/00	00:00 AM	Anytown, US (000) 000-0000	.0	.00